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Message Text

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PAGE 01 ABIDJA 07073 01 OF 02 181432Z
ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 XMB-02 /112 W
----------100420 181523Z /45
R 181022Z JUL 77
FM AMEMBASSY ABIDJAN
TO SECSTATE WASHDC 4465
AMEMBASSY ACCRA
AMEMBASSY BAMAKO
AMEMBASSY BANJUL
AMEMBASSY BISSAU
AMEMBASSY CONAKRY
AMEMBASSY COTONOU
AMEMBASSY DAKAR
AMEMBASSY FREETOWN
AMEMBASSY LAGOS
AMEMBASSY LOME
AMEMBASSY MONROVIA
AMEMBASSY NIAMEY
AMEMBASSY NOUAKCHOTT
AMEMBASSY OUAGADOUGOU
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION GENEVA
USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 1 OF 2 ABIDJAN 7073

USEC FOR EC BRUSSELS

USMTN GENEVA
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PAGE 02 ABIDJA 07073 01 OF 02 181432Z

E.O. 11652: N/A
TAGS: ECIN, EGEN, ETRD, XY, US
SUBJECT: ECOWAS

REF: (A) STATE 134253, (B) 76 LOME 2502, (C) 76 ABIDJAN 11614,
(D) ABIDJAN 0123, (E) LOME 1657

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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1. THE RESPONSES ARE KEYED TO QUESTIONED POSED IN PARAGRAPH 2
OF REFTEL A.

A. ON BALANCE, THE EMBASSY BELIEVES THAT IVORY COAST
WILL DEVOTE THE NECESSARY TIME AND RESOURCES TO ECOWAS.
REFTEL B SAID THAT PRESIDENT HOUPHOUET-BOIGNY SMOOTHED
OVER LATENT ANGLOPHONE AND FRANCOPHONE DISTRUST AT
NOVEMBER 1976 MEETING WHEN PROTOCOLS WERE SIGNED, AND
CITES HIS VERY PRO-ECOWAS SPEECH DURING THE MEETING. HE
AGREED THAT IVORY COAST WOULD PROVIDE THE EXECUTIVE SECRETARY
AND APPOINTED TO THAT POSITION ONE OF THE MOST COMPETENT
AND TALENTED IVORIANS AVAILABLE TO HIM, DIABY BOUBACAR
OUATTARA (SEE REFTELS C AND D). QUATTARA HAS VISITED MOST,
AND PERHAPS ALL FIFTEEN MEMBER STATES, INCLUDING GUINEA,
HAS GATHERED A SMALL STAFF, AND HAS MADE A FAVORABLE
IMPRESSION EVERYWHERE AS AN APOSTLE OF ECOWAS. THIS
ACTIVITY IS INDICATIVE OF A FIRM COMMITMENT BY IVORY COAST

O THE SUCCESS OF ECOWAS.

B. NO, BOTH HOUPHOUET AND OUATTARA HAVE STRESSED THE
COMPLEMENTARITY OF THE TWO ORGANIZATIONS.

C. LACK OF AN EFFICIENT PAYMENT MECHANISM WOULD
DEFINITELY BE A DETERRENT TO ECOWAS, BUT EVERY EFFORT
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APPEARS TO HAVE BEEN MADE TO RESOLVE THIS PROBLEM.
EMBASSY NOTES THAT THE UNIT OF ACCOUNT FOR EACH CURRENCY
WILL BE ITS IMF SPECIAL DRAWING RIGHTS (SDR) RATE, AS
DECLARED BY THE IMF ON THE DATE OF PAYMENT, OR, IF THE
CURRENCY IS FLOATING, THE AVERAGE BUYING AND SELLING
RATE OF THE CENTRAL BANK OF THE MEMBER STATE WILL BE
UTILIZED. ACCORDING TO CENTRAL BANK SOURCES IN IVORY
COAST, THE WEST AFRICAN CLEARING HOUSE CAN PLAY A
MEANINGFUL ROLE IN PROVIDING FOR AN EFFECTIVE PAYMENT
MECHANISM.

D. EXECUTIVE SECRETARY OUATTARA HAS HIMSELF SAID
THAT INFRASTRUCTURE IS ONE OF THE FIRST PRIORITIES OF
ECOWAS. ONE CANNOT AGREE TO THE FREE MOVEMENT OF GOODS,
LABOR AND CAPITAL WITHOUT EFFICIENT TELECOMMUNICATIONS, AN
ADEQUATE HIGHWAY NETWORK. MARITIME TRANSPORTATION, AND
EFFICIENT AIR SERVICE. WEST AFRICA COULD BE A POINT OF
CONCENTRATION FOR THE PROPOSAL PRESENTED LASTLY AT THE
CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC)
MINISTERIAL FOR A QTE CONFERENCE TO SET OBJECTIVES FOR AN
AFRICAN TRANSPORT COMMUNICATIONS DECADE. UNQTE.

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E. THE IVORY COAST'S TRADE STRUCTURE IS LARGELY
COMPETITIVE WITH THAT OF OTHER MEMBERS OF ECOWAS; THAT
IS, EXCEPT FOR MINERALS, IT EXPORTS THE SAME PRODUCTS.

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PAGE 01 ABIDJA 07073 02 OF 02 190959Z
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LIMITED OFFICIAL USE SECTION 2 OF 2 ABIDJAN 7073

C O R R E C T E D C O P Y (TEXT--PARAS J & K)

USEC FOR EC BRUSSELS
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USMTN GENEVA

F. ONE OF THE PROBLEMS WHICH DOES NOT APPEAR TO HAVE
BEEN FORMALLY ADDRESSED IS WHAT NEW INDUSTRIES TO LOCATE
IN ECOWAS COUNTRIES AND WHERE. THIS IS A FAMILIAR
PROBLEM IN ATTEMPTS TO FORM COMMON MARKETS AMONG LDCS.
SELDOM IS THE FREE MARKET ALLOWED TO OPERATE, BECAUSE THE
FIRST TENDENCY IS TO MOVE TOWARD IMPORT SUBSTITUTION, AND
THERE CANNOT BE A FREE-FOR-ALL IN THE MANUFACTURE OF,
FOR EXAMPLE, BABY PRODUCTS. GRANTED WE ARE TALKING ABOUT
AN AREA OCCUPIED BY AT LEAST 130 MILLION PEOPLE, BUT THERE
IS MUCH LESS PURCHASING POWER THAN THAT FIGURE IMPLIES.
THERE WOULD INEVITABLY BE DISCUSSIONS WHERE TO LOCATE
THIS OR THAT INDUSTRY, AND THIS PROMISES TO BE ONE OF
THE MORE SERIOUS PROBLEMS WITH WHICH ECOWAS WILL HAVE TO
CONTEND.

G. EMBASSY WOULD EXPECT THE IVORY COAST TO MEET ITS
16 PERCENT OF THE ANNUAL ECOWAS BUDGET BUT, OF COURSE, ONE
MUST ASK 16 PERCENT OF WHAT SINCE THERE IS NO BUDGET TO DATE.

H. 53 TO 55 PERCENT, OF WHICH THE TVA IS ABOUT 10 PERCENT,
OF GOIC'S REVENUE COMES FROM CUSTOMS RECEIPTS AND OTHER
TRADE-RELATED DUTIES.

I. THIS IS A CRITICAL FACTOR. APPARENTLY, UNLIKE CEAO,
NOT ALL THE FUNDS WILL BE GENERATED INTERNALLY. ACCORDING
TO THE 13 JUNE 1977 EDITION OF WEST AFRICA
THE FUND WILL BE QTE ESTABLISHED
FROM CONTRIBUTIONS BY MEMBER STATES, INCOME FROM COMMUNITY
ENTERPRISES, RECEIPTS FROM OUTSIDE THE COMMUNITY, AND SUBSIDIES
AND CONTRIBUTIONS FROM ALL SOURCES UNQTE. THE CEAO OFFERS
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SOME PROOF THAT IT IS FEASIBLE TO COMPENSATE FOR LOSS OF
CUSTOMS REVENUE, BUT THE EMBASSY WOULD BE LESS OPTIMISTIC
ON CORRECTING THE UNBALANCED DEVELOPMENT OF THE REGION.

J. CONSIDERING THAT ECOWAS WAS CONCEIVED IN MONROVIA
IN APRIL 1968, CAME INTO BEING SEVEN YEARS LATER WITH
THE IMPLEMENTING PROTOCOLS SIGNED YET ANOTHER YEAR LATER,
EMBASSY IS SOMEWHAT DUBIOUS ABOUT ITS ABILITY TO MAIN-
TAIN THE SCHEDULE TO BECOME A FREE TRADE AREA AND LATER
A CUSTOMS UNION.

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K. BY GREATLY INCREASING THE SIZE OF THE MARKET, ECOWAS WILL ATTRACT SUBSTANTIALLY MORE INVESTMENT TO THE AREA AND TRADE WILL ALSO INCREASE. DEPENDING ON THE HEIGHTS OF THE COMMON EXTERNAL TARIFF (CXT), HOWEVER, TRADE MAY NOT INCREASE AS MUCH AS WE WOULD WISH. THE CXT COULD BE VERY HIGH DUE TO LOW PRODUCTIVITY.

L. EMBASSY AND REDSO DEFINITELY BELIEVE THE FUND FOR COOPERATION, COMPENSATION AND DEVELOPMENT COULD BE USED AS A POTENTIAL VEHICLE FOR AID TO WEST AFRICAN REGION. WE WOULD BE MORE SANGUINE, HOWEVER, IF IT WERE NOT OFF TO THE ROCKY START INDICATED IN REF E.
STEARNS

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